Draft of an Airline Valuation Amendment to Tax Commission Rule R884-24P-62
Proposed by the Utah State Tax Commission
December 21, 2009

(b) (i) Railroads.

(ii) The cost indicator should generally be given little or no weight because there is no observable relationship between cost and fair market value.

(c) (i) Wind Power Generating Plants.

(ii) Due to the unique financial nature of operating wind power generating plants, the following tax credits provided to entities operating wind power generating plants shall be identified and removed as intangible property from the indicators of value considered under this rule:

(A) renewable electricity production credits for wind power generation pursuant to Section 45, Internal Revenue Code; and

(B) refundable wind energy tax credits pursuant to Section 59-7-614(2)(c).

(d)(i) Airlines

(ii) When sufficient reliable financial, economic, and market information is available to determine fair market value, the preferred methods are the cost approach and a yield capitalization income indicator.

(iii) When economic, financial, and market conditions are subject to significant variations, the preferred methodologies may not be reliable or equitable. Therefore, there is a rebuttable presumption that the wholesale value in a price guide is the most accurate indicator for aircraft valuation. Ground equipment, rotables, and other non-aircraft property should be valued using a cost approach.

(A) A party may challenge the rebuttable presumption established under (d)(iii) by establishing a more accurate estimate of value through a preponderance of evidence.

(B) The value of an aircraft under (d)(iii)(A) may not be lower than the liquidation value of wholesale minus 20%.

(C) When using a price guide, the preferred methods should be addressed in the appraisal.